



**competition commission**  
*south africa*

**Media Statement**

**For Immediate Release**

**04 April 2023**

**SAPS HAND SANITISER SUPPLIER FINED R3.5M FOR EXCESSIVE PRICING**

The Competition Commission (Commission) welcomes the decision by the Competition Tribunal (Tribunal) in which it found South African Police Service (SAPS) supplier, BlueCollar Occupational Health (Pty) Ltd (“BlueCollar”) acting on behalf of and/or within its partnership with Ateltico Investments (Pty) Ltd (“Ateltico”), guilty of excessive pricing of hand sanitiser during the COVID-19 pandemic.

In the order handed down on 03 April 2023, the Tribunal also imposed an administrative penalty of R3 550 000, jointly and severally, on Gauteng-based BlueCollar and KZN-based Ateltico for overcharging the SAPS to the amount of R9.8 million for the bulk supply of 10 000 25 litre containers of hand sanitisers in 2020.

The Tribunal found that during the hard lockdown, SAPS was in desperate need of hand sanitiser for its members who were at the frontlines of efforts aimed at containing the escalation of the pandemic and enforcing the lockdown restrictions nationally. Hand sanitiser became crucial in mitigating the spread of COVID-19.

In the reasons for its decision, the Tribunal described BlueCollar’s conduct as shocking considering the social consequences in that it exploited the pandemic by charging excessively for hand sanitiser which was crucial for combatting the pandemic.

This is the second excessive pricing case successfully prosecuted by the Commission and determined by the Tribunal in the context of a public procurement process during the pandemic. The first prosecution of price gouging in the context of public procurement relates to the April 2022 matter where another SAPS supplier, Tsutsumani Business Enterprises (“Tsutsumani”), was found guilty of price gouging in its supply of face masks in 2020. Tsutsumani was fined R3.4 million. The Tsutsumani matter is currently under review before the Competition Appeal Court.

**[ENDS]**

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**BACKGROUND**

The case emanates from the Commission's investigation of complaints lodged by the SAPS for its own procurement of Personal Protective Equipment (PPE). In the BlueCollar and Ateltico matter, in March 2020, BlueCollar responded to the SAPS request for a quotation for the supply of bulk hand sanitisers in 25L containers.

BlueCollar was appointed and subsequently approached Ateltico for funding. BlueCollar and Ateltico entered into a memorandum of understanding in which they agreed to share the profits earned from the transaction. The Commission determined during its investigation that BlueCollar then supplied the SAPS with 10 000 25L containers of hand sanitisers with a gross markup of 123%, which the Commission found to be excessive.

The Commission indicated that the transaction contravened section 8(1) (a) of the Competition Act, read with Regulation 4 of the Consumer and Customer Protection and National Disaster Management Regulations and Direction in Government Gazette Notice No.350 of Government Gazette No. 43116(Consumer Protection Regulations), during the national state of disaster.

BlueCollar supplied the hand sanitiser to SAPS during 5-29 April 2020. When supplying the hand sanitiser to SAPS, BlueCollar did so as a so-called reseller, meaning that it bought the sanitiser stock from third-party suppliers and supplied it to SAPS (without adding any value to the product itself). BlueCollar's usual business activities relate to the provision of occupational health services, including to SAPS, and is registered on the National Treasury's Central Supplier Database.